

Purchasing Managers, Buyers, and Purchasing Agents

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Significant Points

- Forty-two percent are employed in wholesale trade or manufacturing establishments.
- Some firms promote qualified employees to these positions, while other employers recruit college graduates; regardless of academic preparation, new employees need 1 to 5 years to learn the specifics of their employer's business.
- Overall employment is expected to be slower than the average, but the projected change in employment varies significantly by occupational specialty.
- Opportunities should be best for those with a college degree.

Nature of the Work

Purchasing managers, buyers, and purchasing agents seek to obtain the highest quality merchandise at the lowest possible purchase cost for their employers. In general, *purchasers* buy goods and services for use by their company or organization, whereas *buyers* typically buy items for resale. Purchasers and buyers determine which commodities or services are best, choose the suppliers of the product or service, negotiate the lowest price, and award contracts that ensure that the correct amount of the product or service is received at the appropriate time. In order to accomplish these tasks successfully, purchasing managers, buyers, and purchasing agents study sales records and inventory levels of current stock, identify foreign and domestic suppliers, and keep abreast of changes affecting both the supply of, and demand for, needed products and materials.

Purchasing managers, buyers, and purchasing agents evaluate suppliers on the basis of price, quality, service support, availability, reliability, and selection. To assist them in their search for the right suppliers, they review catalogs, industry and company publications, directories, and trade journals. Much of this information is now available on the Internet. They research the reputation and history of the suppliers and may advertise anticipated purchase actions in order to solicit bids. At meetings, trade shows, conferences, and suppliers' plants and distribution centers, they examine products and services, assess a supplier's production and distribution capabilities, and discuss other technical and business considerations that influence the purchasing decision. Once all of the necessary information on suppliers is gathered, orders are placed and contracts are awarded to those suppliers who meet the purchaser's needs. Contracts often are for several years and may stipulate the price or a narrow range of prices, allowing purchasers to reorder as necessary. Other specific job duties and responsibilities of purchasing managers, buyers, and purchasing agents vary by employer and by the type of commodities or services to be purchased.

Purchasing specialists employed by government agencies or manufacturing firms usually are called purchasing directors, managers, or agents; buyers or industrial buyers; or contract specialists. These workers acquire materials, parts, machines, supplies, services, and other inputs to the production of a final product. Some purchasing managers specialize in negotiating and supervising supply contracts, and are called contract or supply managers. Purchasing agents and managers obtain items ranging from raw materials, fab-

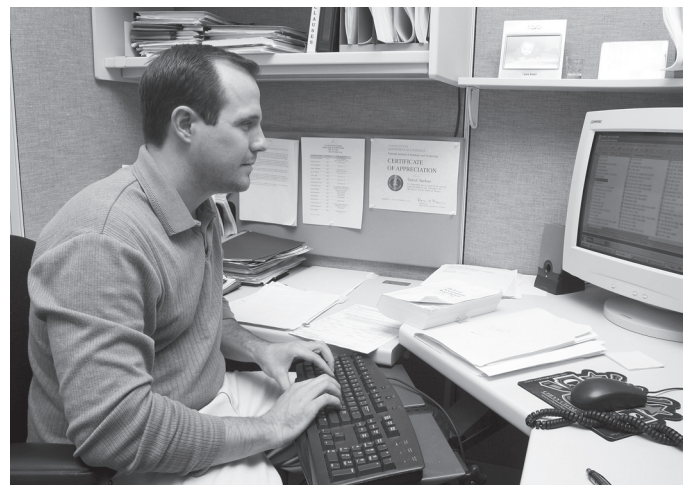
ricated parts, machinery, and office supplies to construction services and airline tickets. The flow of work—or even the entire production process—can be slowed or halted if the right materials, supplies, or equipment are not on hand when needed. To be effective, purchasing specialists must have a working technical knowledge of the goods or services to be purchased.

In large industrial organizations, a distinction often is drawn between the work of a buyer or purchasing agent and that of a purchasing manager. Purchasing agents and buyers commonly focus on routine purchasing tasks, often specializing in a commodity or group of related commodities, such as steel, lumber, cotton, grains, fabricated metal products, or petroleum products. Purchasing agents usually track market conditions, price trends, or futures markets. Purchasing managers usually handle the more complex or critical purchases and may supervise a group of purchasing agents handling other goods and services. Whether a person is titled purchasing manager, buyer, or purchasing agent depends more on specific industry and employer practices than on specific job duties.

Changing business practices have altered the traditional roles of purchasing or supply management specialists in many industries. For example, manufacturing companies increasingly involve workers in this occupation at most stages of product development because of their ability to forecast a part's or material's cost, availability, and suitability for its intended purpose. Furthermore, potential problems with the supply of materials may be avoided by consulting the purchasing department in the early stages of product design.

Businesses also might enter into integrated supply contracts. These contracts increase the importance of selecting the right supplier, because agreements are larger in scope and longer in duration. Integrated supply incorporates all members of the supply chain, including the supplier, transportation companies, and the retailer. A major responsibility of most purchasers is to work out problems that may occur with a supplier, because the success of the relationship affects the buying firm's performance.

Purchasing specialists often work closely with other employees in their own organization when deciding on purchases, an arrangement sometimes called team buying. For example, before submitting an order, they may discuss the design of custom-made products with company design engineers, talk about problems involving the quality of purchased goods with quality assurance engineers and production supervisors, or mention shipment problems to managers in the receiving department.



Purchasing managers, buyers, and purchasing agents work to get the best merchandise at the lowest cost.

Contract specialists and managers at various levels of government award contracts for an array of items, including office and building supplies, services for the public, and construction projects. For example, they may oversee the contract for cleaning services of a government office building to verify that the work is being done on schedule and on budget, even though the cleaners are not government employees. They may use sealed bids to award contracts, but usually establish negotiated agreements for complex items. Often, purchasing specialists in government place solicitations for services and accept bids and offers through the Internet. Government purchasing agents and managers must follow strict laws and regulations in their work, in order to avoid any appearance of impropriety. These legal requirements are occasionally changed, so agents and contract specialists must keep abreast of the latest regulations.

Purchasing specialists who buy finished goods for resale are employed by wholesale and retail establishments, where they commonly are known as buyers or merchandise managers. Wholesale and retail buyers are an integral part of a complex system of distribution and merchandising that caters to the vast array of consumer needs and desires. Wholesale buyers purchase goods directly from manufacturers or from other wholesale firms for resale to retail firms, commercial establishments, institutions, and other organizations. In retail firms, buyers purchase goods from wholesale firms or directly from manufacturers for resale to the public. Buyers largely determine which products their establishment will sell. Therefore, it is essential that they have the ability to predict what will appeal to consumers. They must constantly stay informed of the latest trends, because failure to do so could jeopardize profits and the reputation of their company. Buyers also follow ads in newspapers and other media to check competitors' sales activities, and they watch general economic conditions to anticipate consumer buying patterns. Buyers working for large and medium-sized firms usually specialize in acquiring one or two lines of merchandise, whereas buyers working for small stores may purchase the establishment's complete inventory.

The use of private-label merchandise and the consolidation of buying departments have increased the responsibilities of retail buyers. Private-label merchandise, produced for a particular retailer, requires buyers to work closely with vendors to develop and obtain the desired product. The downsizing and consolidation of buying departments increases the demands placed on buyers because, although the amount of work remains unchanged, there are fewer people to accomplish it. The result is an increase in the workloads and levels of responsibility for all.

Many merchandise managers assist in the planning and implementation of sales promotion programs. Working with merchandise executives, they determine the nature of the sale and purchase items accordingly. Merchandise managers may work with advertising personnel to create an ad campaign. For example, they may determine in which media the advertisement will be placed—newspapers, direct mail, television, or some combination of all three. In addition, merchandise managers often visit the selling floor to ensure that goods are properly displayed. Often, assistant buyers are responsible for placing orders and checking shipments.

Computers continue to have a major effect on the jobs of purchasing managers, buyers, and purchasing agents. In manufacturing and service industries, computers handle most of the routine tasks, enabling purchasing workers to concentrate mainly on the analytical and qualitative aspects of the job. Computers are used to obtain instant and accurate product and price listings, to track inventory levels, to process orders, and to help determine when to make purchases. Computers also maintain lists of bids and offers,

record the history of supplier performance, and issue purchase orders.

Computerized systems have dramatically simplified many of the acquisition functions and improved the efficiency of determining which products are selling. For example, cash registers connected to computers, known as point-of-sale terminals, allow organizations to maintain instant access to current sales and inventory records. The information contained therein can then be used to produce sales reports that reflect customer buying habits. The ability to find out quickly which products or combinations of products are selling well enables buyers and supply managers to increase sales and reduce costs. Buyers can gain instant access to the specifications for thousands of commodities, inventory records, and their customers' purchase records to avoid overpaying for goods and to avoid shortages of popular goods or surpluses of goods that do not sell as well. Firms are linked with manufacturers and wholesalers by electronic purchasing systems, the Internet, or Extranets. These systems permit faster selection, customization, and ordering of products, and they allow buyers to concentrate better on selecting goods and suppliers.

Working Conditions

Most purchasing managers, buyers, and purchasing agents work in comfortable offices. They frequently work more than the standard 40-hour week, because of special sales, conferences, or production deadlines. Evening and weekend work also is common, before holiday and back-to-school seasons for those working in retail trade. Consequently, many retail firms discourage the use of vacation time during peak periods.

Buyers and merchandise managers often work under great pressure. Because wholesale and retail stores are so competitive, buyers need physical stamina to keep up with the fast-paced nature of their work.

Many purchasing managers, buyers, and purchasing agents travel at least several days a month. Purchasers for worldwide manufacturing companies and large retailers, as well as buyers of high fashion, may travel outside the United States.

Employment

Purchasing managers, buyers, and purchasing agents held about 527,000 jobs in 2002. Forty-two percent worked in the wholesale trade and manufacturing industries, and another 15 percent worked in retail trade. The remainder worked mostly in service establishments, such as hospitals, or different levels of government. A small number were self-employed.

The following tabulation shows the distribution of employment by occupational specialty:

Purchasing agents, except wholesale, retail, and farm products	245,000
Wholesale and retail buyers, except farm products	155,000
Purchasing managers	108,000
Purchasing agents and buyers, farm products	19,000

Training, Other Qualifications, and Advancement

Qualified persons may begin as trainees, purchasing clerks, expeditors, junior buyers, or assistant buyers. Retail and wholesale firms prefer to hire applicants who have a college degree and who are familiar with the merchandise they sell and with wholesaling and retailing practices. Some retail firms promote qualified employees to assistant buyer positions; others recruit and train college gradu-

ates as assistant buyers. Most employers use a combination of methods.

Educational requirements tend to vary with the size of the organization. Large stores and distributors, especially those in wholesale and retail trade, prefer applicants who have completed a bachelor's degree program with a business emphasis. Many manufacturing firms put yet a greater emphasis on formal training, preferring applicants with a bachelor's or master's degree in engineering, business, economics, or one of the applied sciences. A master's degree is essential for advancement to many top-level purchasing manager jobs.

Regardless of academic preparation, new employees must learn the specifics of their employers' business. Training periods vary in length, with most lasting 1 to 5 years. In wholesale and retail establishments, most trainees begin by selling merchandise, supervising sales workers, checking invoices on material received, and keeping track of stock. As they progress, retail trainees are given increased buying-related responsibilities.

In manufacturing, new purchasing employees often are enrolled in company training programs and spend a considerable amount of time learning about their firm's operations and purchasing practices. They work with experienced purchasers to learn about commodities, prices, suppliers, and markets. In addition, they may be assigned to the production planning department to learn about the material requirements system and the inventory system the company uses to keep production and replenishment functions working smoothly.

Purchasing managers, buyers, and purchasing agents must know how to use both word processing and spreadsheet software, as well as the Internet. Other important qualities include the ability to analyze technical data in suppliers' proposals; good communication, negotiation, and mathematical skills; knowledge of supply-chain management; and the ability to perform financial analyses.

Persons who wish to become wholesale or retail buyers should be good at planning and decisionmaking and have an interest in merchandising. Anticipating consumer preferences and ensuring that goods are in stock when they are needed requires resourcefulness, good judgment, and self-confidence. Buyers must be able to make decisions quickly and to take risks. Marketing skills and the ability to identify products that will sell also are very important. Employers often look for leadership ability, too, because buyers spend a large portion of their time supervising assistant buyers and dealing with manufacturers' representatives and store executives.

Experienced buyers may advance by moving to a department that manages a larger volume or by becoming a merchandise manager. Others may go to work in sales for a manufacturer or wholesaler.

An experienced purchasing agent or buyer may become an assistant purchasing manager in charge of a group of purchasing professionals before advancing to purchasing manager, supply manager, or director of materials management. At the top levels, duties may overlap with other management functions, such as production, planning, logistics, and marketing.

Regardless of industry, continuing education is essential for advancement. Many purchasers participate in seminars offered by professional societies and take college courses in supply management. Professional certification is becoming increasingly important, especially for those just entering the occupation.

In private industry, recognized marks of experience and professional competence are the Accredited Purchasing Practitioner (APP) and Certified Purchasing Manager (CPM) designations, conferred

by the Institute for Supply Management, and the Certified Purchasing Professional (CPP) and Certified Professional Purchasing Manager (CPPM) designations, conferred by the American Purchasing Society. In Federal, State, and local government, the indications of professional competence are Certified Professional Public Buyer (CPPB) and Certified Public Purchasing Officer, (CPPO), conferred by the National Institute of Governmental Purchasing. Most of these certifications are awarded only after work-related experience and education requirements are met, and written or oral exams are successfully completed.

Job Outlook

Overall employment of purchasing managers, buyers, and purchasing agents is expected to be slower than the average through the year 2012. Offsetting some declines for purchasing workers in the manufacturing sector will be increases in the services sector. Companies in the services sector, which have typically made purchases on an ad hoc basis, are beginning to realize that centralized purchasing offices may be more efficient. Demand for purchasing workers will be limited by improving software, which has eliminated much of the paperwork involved in ordering and procuring supplies, the increased use of credit cards by some employees to purchase supplies without using the services of the procurement or purchasing office, and the growing number of purchases being made electronically. Despite slower-than-average growth, some job openings will result from the need to replace workers who transfer to other occupations or leave the labor force.

The projected change in employment varies significantly by occupational specialty. Employment of purchasing managers is expected to grow more slowly than the average through 2012. The use of the Internet to conduct electronic commerce has made information easier to obtain, thus increasing the productivity of purchasing managers. The Internet also allows both large and small companies to bid on contracts. Exclusive supply contracts and long-term contracting have allowed companies to negotiate with fewer suppliers less frequently.

Employment of wholesale and retail buyers, except farm products, also is projected to grow more slowly than the average. In the retail industry, mergers and acquisitions have forced buying departments to consolidate. In addition, larger retail stores are removing their buying departments from regional markets and centralizing them at their headquarters.

In contrast, employment of purchasing agents, except wholesale, retail, and farm products, is expected to increase about as fast as the average for all occupations through 2012. Despite the greater use of electronic transactions, purchases of complex equipment are more difficult both to automate and to transact electronically. Employment of purchasing agents and buyers, farm products, also is projected to increase about as fast as the average for all occupations, as the need to evaluate the quality and freshness of farm products limits the ease of making purchases electronically.

Persons who have a bachelor's degree in business should have the best chance of obtaining a buyer position in wholesale or retail trade or within government. A bachelor's degree, combined with industry experience and knowledge of a technical field, will be an advantage for those interested in working for a manufacturing or industrial company. Government agencies and larger companies usually require a master's degree in business or public administration for top-level purchasing positions.

Earnings

Median annual earnings of purchasing managers were \$59,890 in 2002. The middle 50 percent earned between \$43,670 and \$81,950 a year. The lowest 10 percent earned less than \$32,330, and the highest 10 percent earned more than \$108,140 a year.

Median annual earnings for purchasing agents and buyers, farm products were \$40,900 in 2002. The middle 50 percent earned between \$31,390 and \$55,440 a year. The lowest 10 percent earned less than \$23,850, and the highest 10 percent earned more than \$76,740 a year.

Median annual earnings for wholesale and retail buyers, except farm products, were \$40,780 in 2002. The middle 50 percent earned between \$30,040 and \$55,670 a year. The lowest 10 percent earned less than \$23,270, and the highest 10 percent earned more than \$76,070 a year. Median annual earnings in the industries employing the largest numbers of wholesale and retail buyers, except farm products, in 2002 were as follows:

Management of companies and enterprises	\$49,150
Grocery and related product wholesalers	42,850
Machinery, equipment, and supplies merchant wholesalers	37,920
Building material and supplies dealers	35,910

Median annual earnings for purchasing agents, except wholesale, retail, and farm products, were \$45,090 in 2002. The middle 50 percent earned between \$34,820 and \$58,780 a year. The lowest 10 percent earned less than \$27,950, and the highest 10 percent earned more than \$73,990 a year. Median annual earnings in the industries employing the largest numbers of purchasing agents, except of wholesale, retail, and farm products, in 2002 were as follows:

Federal Government	\$58,410
Aerospace product and parts manufacturing	52,900
Management of companies and enterprises	50,790
Local government	42,450
General medical and surgical hospitals	34,420

Purchasing managers, buyers, and purchasing agents receive the same benefits package as other workers, including vacations, sick leave, life and health insurance, and pension plans. In addition to receiving standard benefits, retail buyers often earn cash bonuses based on their performance and may receive discounts on merchandise bought from their employer.

Related Occupations

Workers in other occupations who need a knowledge of marketing and the ability to assess consumer demand include those in advertising, marketing, promotions, and public relations, as well as sales managers; food service managers; insurance sales agents; lodging managers; sales engineers; and sales representatives, wholesale and manufacturing.

Sources of Additional Information

Further information about education, training, employment, and certification for purchasing careers is available from any of the following sources:

- American Purchasing Society, North Island Center, Suite 203, 8 East Galena Blvd., Aurora, IL 60506. Internet: <http://www.american-purchasing.com>
- Institute for Supply Management, P.O. Box 22160, Tempe, AZ 85285-2160. Internet: <http://www.ism.ws>
- National Institute of Governmental Purchasing, Inc., 151 Spring St., Suite 300, Herndon, VA 20170-5223. Internet: <http://www.nigp.org>